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ABSTRACT

This instructor guide for a unit on business operations in the PACE (Program for Acquiring Competence in Entrepreneurship) curriculum includes the full text of the student module and lesson plans, instructional suggestions, and other teacher resources. The competencies that are incorporated into this module are at Level 1 of learning--understanding the creation and operation of a business. Included in the instructor's guide are the following: unit objectives, guidelines for using PACE, lists of teaching suggestions for each unit objective/subobjective, model assessment responses, and overview of the three levels of the PACE program. The student module includes the following: specific objectives, questions supporting the objectives, complete content in the form of answers to the questions, case studies, individual activities, group activities, discussion questions, assessment questions, and list of four references. Model assessment responses are provided in the instructor materials. These five objectives are addressed: define operations for a small business; identify the factors that affect purchasing; explain the importance of inventory control; identify the procedures to be followed in shipping and receiving; and identify the considerations in production and packaging. (YLB)

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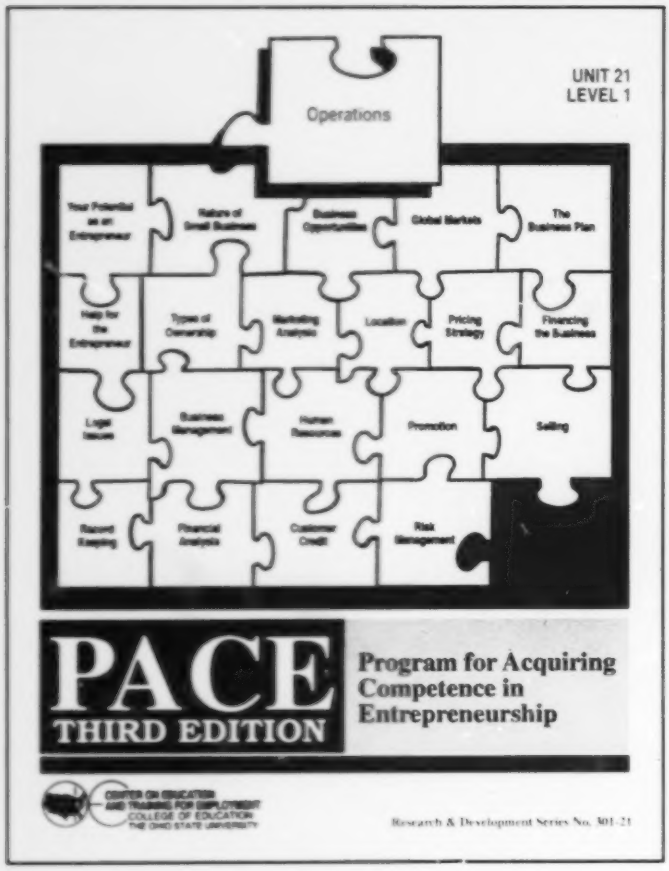

INSTRUCTOR GUIDE

Unit 21

Operations

Level 1

HOW TO USE PACE

- Use the objectives as a pretest. If a student is able to meet the objectives, ask him or her to read and respond to the assessment questions in the back of the module.
- Duplicate the glossary from the *Resource Guide* to use as a handout.
- Use the teaching outlines provided in the *Instructor Guide* for assistance in focusing your teaching delivery. The left side of each outline page lists objectives with the corresponding headings (margin questions) from the unit. Space is provided for you to add your own suggestions. Try to increase student involvement in as many ways as possible to foster an interactive learning process.
- When your students are ready to do the *Activities*, assist them in selecting those that you feel would be the most beneficial to their growth in entrepreneurship.
- Assess your students on the unit content when they indicate they are ready. You may choose written or verbal assessments according to the situation. Model responses are provided for each module of each unit. While these are suggested responses, others may be equally valid.

Objectives:

- Define operations for a small business.
- Identify the factors that affect purchasing.
- Explain the importance of inventory control.
- Identify the procedures to be followed in shipping and receiving.
- Identify the considerations in production and packaging.

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Objectives	Teaching Suggestions
1. DEFINE OPERATIONS FOR A SMALL BUSINESS	
What is the definition of small business operations?	Define the concept of small business operations. Use examples like the ones presented in the unit to explain the concepts of purchasing, receiving, inventory control, equipment and layout, suppliers, shipping, etc.
2. IDENTIFY THE FACTORS THAT AFFECT PURCHASING	
What is purchasing?	Use examples of different types of businesses (e.g., retail, manufacturing, services, etc.) to help explain the purchasing process.
What affects purchasing?	Use the chalkboard or an overhead to identify the factors that affect purchasing. Define the concepts of *Just-in-Time* and *quality assurance*.
3. EXPLAIN THE IMPORTANCE OF INVENTORY CONTROL	
What is inventory?	Use examples of various businesses to explain the notion of inventory. Ask students to add their own examples and develop a list to show what type of inventory is available in various business operations.
Why is inventory control important?	Invite a local entrepreneur to speak about the importance of inventory control. Ask the entrepreneur to explain how customers, suppliers, and market conditions affect inventory control.
What are the types of inventory?	Define the three types of inventory (i.e., raw materials, work-in-process, and finished goods). Organize a field trip to a local small manufacturing business to help students visualize these concepts.
What is the right inventory amount?	Ask the guest entrepreneur to identify factors affecting decisions related to maintaining the proper inventory level. The speaker should explain how these factors help him/her to make decisions related to inventory control.

Objectives	Teaching Suggestions
4. IDENTIFY THE PROCEDURES TO BE FOLLOWED IN SHIPPING AND RECEIVING	
What are the procedures that should be followed in shipping and receiving?	Use the chalkboard or an overhead to list the various methods of transporting goods (e.g., commercial trucks, airfreight, boat, etc.).
How should you choose a carrier?	Refer to the above suggestion.
5. IDENTIFY THE CONSIDERATIONS IN PRODUCTION AND PACKAGING	
What considerations should be made with respect to production and packaging?	Use the plant field trip as an opportunity to assist students in understanding various packaging and production elements used by businesses.
What paperwork should accompany a shipment?	Use an overhead transparency to show an example of a supplier's invoice for goods sent to the buyer. Develop handouts with the example provided in the unit or another supplier's sample invoice, and distribute them to students.
Why are operations important?	Ask students to conclude the class discussion by offering their own understanding of the importance of operations in small business management.

MODEL ASSESSMENT RESPONSES

1. Operations play a critical role in small business management. Entrepreneurs make decisions related to purchasing, receiving, inventory control, production, packaging, shipping, supplier selection, etc. on a daily basis. All these decisions directly affect the success of the business.

2. Reasons for keeping a tight inventory control include: (a) avoiding loss of customers because the product is not available, (b) enabling customers to see a product before purchasing it, (c) obtaining discounts in prices from suppliers, (d) keeping inventory costs at a minimum, (e) ensuring prompt delivery, etc. There are some cons of tight inventory control that include unexpected consumer demand (e.g., Christmas), maintaining different brands of a particular item, fashionable items, etc. Entrepreneurs should consider both pros and cons prior to making their decisions. Both costs and consumer needs and wants are important; neglecting either aspect might negatively infringe upon the performance of the business.

3. A complete answer to this question should include a discussion on factors that affect the success of small business operations (i.e., inventory costs, quantity discounts from suppliers, satisfying customers, developing and maintaining good supplier relationships, prompt delivery, seasonal peaks, etc.).

4. Shipping serves many purposes including reaching the customer in time, saving money on transportation, obtaining access to various delivery points, delivering merchandise in optimal security conditions, etc. It is important that customers receive the product when they need it and the way they want it.

5. Packaging is important for both the business and customer. Proper packaging helps the business ensure that the product is delivered safely to the customer. Packaging is also a marketing device that attracts the customers and helps them make buying decisions.

PACE
THIRD EDITION

Program for Acquiring Competence in Entrepreneurship

Incorporates the needed competencies for creating and operating a small business at three levels of learning, with experiences and outcomes becoming progressively more advanced.

Level 1 — Understanding the creation and operation of a business.
Level 2 — Planning for a business in your future.
Level 3 — Starting and managing your own business.

Self-contained **Student Modules** include: specific objectives, questions supporting the objectives, complete content in form of answers to the questions, case studies, individual activities, group activities, module assessment references. **Instructor Guides** include the full text of each student module and lesson plans, instructional suggestions, and other resources. **PACE, Third Edition, Resource Guide** includes teaching strategies, references, glossary of terms, and a directory of entrepreneurship assistance organizations.

For information on PACE or to order, contact the Publications Department at the
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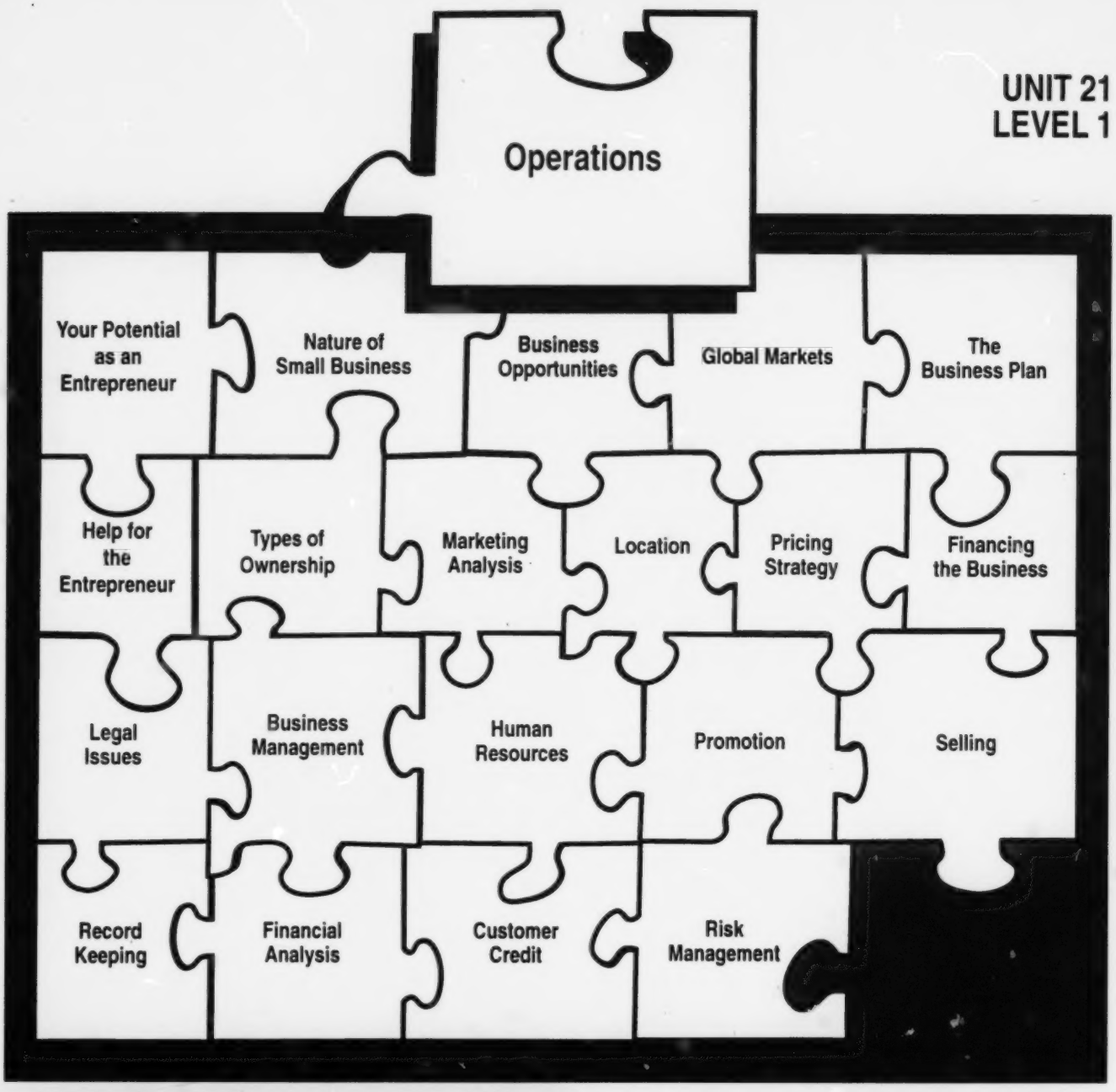
UNIT 21
LEVEL 1



PACE
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Program for Acquiring Competence in Entrepreneurship

CENTER ON EDUCATION AND TRAINING FOR EMPLOYMENT
COLLEGE OF EDUCATION
THE OHIO STATE UNIVERSITY

Research & Development Series No. 301-21

OPERATIONS

BEFORE YOU BEGIN . . .

1. Consult the *Resource Guide* for instructions if this is your first PACE unit.

2. Read What are the Objectives for this Unit on the following page. If you think you can meet these objectives now, consult your instructor.

3. Look for these business terms as you read this unit. If you need help with the meanings, ask your instructor for a copy of the PACE Glossary contained in the *Resource Guide*.

   Back ordered
   Bids
   Bill of lading
   Carrier
   Finished goods
   Freight bill
   Inventory
   Inventory control
   Invoice
   Packaging
   Purchasing
   Quality assurance
   Raw materials
   Shipping and receiving
   Stock item
   Supplier
   Work in progress

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OPERATIONS

WHAT ARE THE OBJECTIVES FOR THIS UNIT?

Upon completion of this unit you will be able to—

- define operations for a small business.
- identify the factors that affect purchasing,
- explain the importance of inventory control,
- identify the procedures to be followed in shipping and receiving, and
- identify the considerations in production and packaging.

WHAT IS THIS UNIT ABOUT?

This unit is a basic introduction to the responsibilities of operating your business after start-up. Small business operations will be defined, the factors that affect purchasing will be discussed, and the importance of inventory will be explained. Necessary procedures for shipping and receiving will be identified as well as considerations in production and packaging. This unit *will not cover* the recordkeeping and financial operations of the business since there are separate units on these areas. This unit *will cover* the basic operations of buying/purchasing, receiving, storing, layout, and shipping.

WHAT IS THE DEFINITION OF SMALL BUSINESS OPERATIONS?

Prior to World War II, business operations referred primarily to manufacturing production. Since then the definition has expanded to include a broader range of operations functions. Small business operations involves organizing and managing the total business enterprise. This includes purchasing, receiving, inventory control, dealing with equipment and layout, suppliers and shipping, and finally, financing and recordkeeping. These all work together to enable you to manage the operations of your business.

Examine this process as taking raw materials and making them into finished goods. For example, look at Figure 1 to see the inputs and outputs of businesses that must be managed as the operations of the business.

Figure 2 illustrates that services can also be managed as operations.

Organization	Input	Output
Jewelry store	Merchandise Store building Sales clerks Registers Jeweler Customers	Customer sales
Manufacturing plant	Machines Plant Raw Materials Workers Managers	Consumer goods Materials for purchase by other firms

Figure 1. Business inputs and outputs

Organization	Input	Output
Schools	Teachers and staff Classrooms Library Supplies Students	Graduates Research Public Service

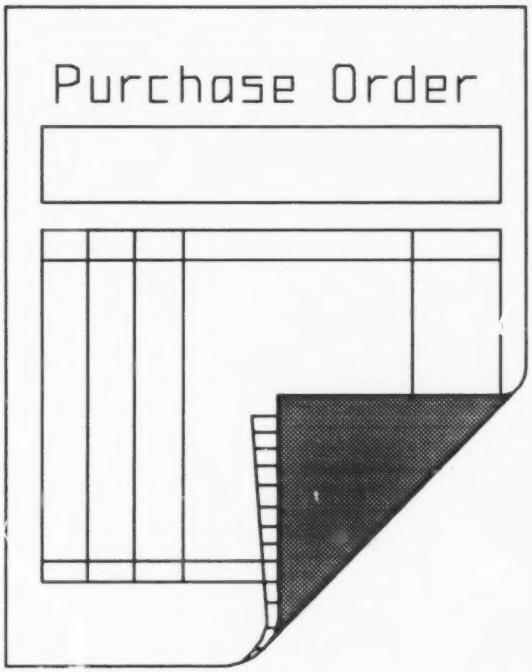
Figure 2. Inputs and outputs of services

WHAT IS PURCHASING?

Jim decides to look for someone to provide finished goods necessary to get his audio/ video shop started. These include CDs, videos, cassettes, televisions, VCRs, and other computer software items. What other steps should he take?

Purchasing is the process of deciding which suppliers to use, negotiating contracts with suppliers and consumers, and deciding whether to buy locally or centrally. As the starting point of operations management, your task is to satisfy your firm's long-term supply needs and support the firm's ability to produce.

PURCHASING FACTORS



- **Buying the right quantity**
- **Buying the right quality**
- **Buying at the right time**
- **Buying from the right suppliers**
- **Buying at the right price**

WHAT AFFECTS PURCHASING?

Purchasing is important because all types of businesses must buy things. All businesses will have to buy some type of equipment or supplies. Others may have to purchase raw materials or finished goods. Your finished product may often be the next company's raw product. This is especially true in manufacturing. To operate your business efficiently, you must buy different types of goods and services.

In most businesses, it is almost as important to know how and where to buy as it is to know how and when to sell. The purpose of buying is to find the best goods for the intended use at the lowest cost. The purchasing function includes *forecasting* your needs to ensure that your firm is on a profitable foundation.

- Buying the right quantity

  Many businesses are turning to suppliers who work with them on inventory and scheduling issues. A new system called *just-in-time* (JIT) was developed to aid buyers in determining the right amount

of materials to buy. JIT systems are designed to produce or deliver goods as they are needed. This allows companies to have less raw materials on hand at any given moment. Because of the high cost of storing inventory (e.g., warehouse space and material handling), lower inventory will save the business money.

- Buying the right quality

  The quality of purchased materials is of the utmost importance. Large companies have hundreds and sometimes thousands of suppliers. *Quality assurance* for the items they supply is an enormous task. Purchased parts of poor quality can have a devastating effect on a company. For example, one day the Ford Motor Company halted production of its car line due to a faulty engine part. The engine part caused the cars to stop running only seconds after being started.

  Approximately 5500 hourly workers were sent home and Ford lost about 200 cars each day that production was stopped. Quality became more of a priority from then on.

- Buying at the right time

  As with buying the right quantity, buying at the right time is also crucial to the business. There may be seasonal purchases that need to be accounted for or perhaps some inventory needs to be in surplus to avoid delays. Back-order and out-of-stock items can harm the business as much as having too much money tied up in inventory. Examine past records and compare those records to current and future orders to get an acceptable purchasing plan.

- Buying from the right suppliers

  Since the wrong supplier can cause many problems, identifying suppliers capable of providing the materials your business needs is extremely important to the success of your business. When looking for the right supplier, ask several potential suppliers to write down an estimate of how much money they will charge to sell the materials to you. This is called a *bid*. After receiving the bids from all the suppliers, select the one which is the best fit for the business. Before giving that supplier a contract, though, check with other clients of the supplier to see how their service has been. If suppliers are reputable and deliver on time, they will usually be happy to supply you with a client list.

- Buying at the right price

  Price is one of the most important elements to the business owner and can be the number one concern most of the time. You must look at the prices your suppliers charge for products and then decide what is best. If you want to get a price break, an additional amount of inventory must be purchased. But does your firm have the available space to store that extra inventory? Does it have enough working capital to have extra cash tied up in excess inventory? If not, the price break was not good for your company and can hurt it in the long run. These are things that must be looked at when you are trying to find the best price from any supplier.

Purchasing is a continuous activity for the small business owner, one that is closely connected with all other activities of a business.

WHAT IS INVENTORY?

Inventory refers to all the products or component parts that are in supply in the business. In manufacturing this may be raw materials that are stored for later use as well as finished or partially finished products. In wholesaling or retailing this means the products available for sale on the shelves or in storerooms.

In a service-oriented business, inventory would refer to the supplies and materials needed to complete the requested service.

WHY IS INVENTORY CONTROL IMPORTANT?

When a customer places an order you must know if you have enough product to fill the order. If you don't, you may end up losing not only the order but the customer. For example, if you sell lamps and an order comes in for four lamps, style 1255, you need to know if they are in stock.

Another important area is the amount of inventory to keep on hand. If inventory is too high or too low, problems can arise. The small business owner must be able to identify when it is time to increase the inventory as well as when the inventory should be cut back.

Reasons for having an inventory include the following:

- To avoid loss of customers because the product is not available
- To enable customers to see a product before purchasing it
- To obtain discounts in prices from a supplier
- To keep costs at a minimum
- To ensure prompt delivery

Inventory control ensures the business that it will get its money's worth in goods, since there will be neither an overload of materials nor a shortage. The following is an example of good use of inventory control.

Item A comes in a purchase of 100 units and the ordering frequency averages every 2 months. What is the item's annual demand? Since 100 units supplies about 2 months' worth of work, 1 month would be half of that or 50 units. The annual demand would then be about 600 units per year.

WHAT ARE THE TYPES OF INVENTORY?

Inventories have several types and each has its own specialties. You need to be aware of each to see which one is important to your business. For business accounting purposes, there are three kinds of inventories: raw

materials, work in progress, and finished goods. Take a closer look at each of these.

Raw materials refers to items that have been acquired but are not part of work in progress. For example, a craft store that produces its own handbags and belts might stock leather for future work.

Work in progress refers to costs incurred in working on goods that have been started but have not yet been completed (as of the date of the balance sheet describing the current state of the business). The work in progress inventory usually includes three cost elements: raw materials currently being worked on, direct labor, and factory overhead.

Finished goods refers to the items most often carried by wholesalers or retail store inventories. This represents the total costs incurred to produce sales units that have not been sold yet.

These inventories—raw materials, work in progress, and finished goods—all exist for the same ultimate purpose: making a sale to customers. However, each of the inventories is in a different stage of readiness for sale. Inventory costs usually are broken down into invoice price, or the amount you charge your customer for the finished product purchased from you, plus transportation charges from the seller to the buyer. Accurate measures of inventory are important, because they reflect your net earnings for a given period, since inventory is valued at cost and not what each customer pays. In addition, accurate inventories are crucial to the daily operation of your business because they will indicate if you have enough product to fill customer orders.

WHAT IS THE RIGHT INVENTORY AMOUNT?

It is difficult to say what the *right* amount of inventory is. A basic answer might be that enough inventory should be maintained so sales will never be lost, but not so much that it ties up capital or becomes outdated. This may sound easy, but in practice it becomes very difficult to achieve an ideal inventory level.

One of the hardest times to maintain the correct amount of inventory is the Christmas season. Retailers begin this season as early as possible. Until the late 1980s, retailers only had sales after Christmas, but due to economic problems suffered during this time they began having their sales in November and December. This reduced inventory levels and made profits larger as the companies went into the new year.

To maintain the proper inventory level, the following areas should be considered:

- The number of brands of a particular item
- The quantity on hand (may be either too much or not enough)
- Stock items as fads or fashions, which are usually part of the general merchandise on hand

The number of brands of a particular item will depend, of course, upon your customers' demands. To satisfy customer needs, you will need to identify customer buying patterns in order to define what they want.

Keeping the proper quantity on hand and still justifying the investment is a dilemma that the entrepreneur continually faces. One temptation is to take advantage of quantity discounts to obtain the lowest per unit cost. If you do this, you may have to buy an excess quantity of inventory and tie up your capital. Knowing whether or not a stock item is a fad that could quickly lose its appeal will also affect how much inventory you purchase.

WHAT ARE THE PROCEDURES THAT SHOULD BE FOLLOWED IN SHIPPING AND RECEIVING?

Moving goods is an important part of the business operation. Common methods of transporting goods include the following:

- Commercial trucks, including both local and national trucking companies, are usually the least expensive since they will pick up goods on a regular route basis or when called.

- Airfreight is perhaps the most expensive but fastest service for products that need to be delivered in a short amount of time.

- Transportation by boat is the slowest route for distribution but the only economical way, especially for large shipments, for international sales.

- Company truck or van can be economical when the volume of delivery is enough to keep your own truck busy. Sharing delivery with other businesses may also be a cost-effective option.

- Bus transportation may be useful since many small packages can be put on regular bus routes to get them quickly to remote areas.

- Private cars are sometimes used because they are available. This often is a waste of the entrepreneur's time as well as a problem if items shipped are large.

- Rail freight is shipping by train and is cost-effective for large shipments when time is not a major consideration. Delivery to and from the train station must still be arranged and accounted for in the cost of sending goods by rail.

It is important to select the carrier very carefully based on these five points: (1) how much time it takes, (2) cost reliability, (3) ability to do the job, (4) access to all delivery points where you need goods delivered, and (5) security for your products. For example, if a customer wants the goods sent the fastest way, you need to know what is available. "Fred's Plumbing and Fixture Store" orders often from you with the orders sent by commercial truck. He has a special order to fill for one of his customers and wants you to get it to him as soon as you can. What do you do? This is where knowledge of the different types of shipping become important to your business.

FACTORS FOR CHOOSING A CARRIER

- Cost of shipping
- Transit time
- Reliability

- Capability
- Accessibility
- Security

HOW SHOULD YOU CHOOSE A CARRIER?

There are many factors to consider in deciding how to deliver your goods. Some are more important at one time than others, depending on promises made and customer needs.

Items to consider include the following:

- Cost of shipping, including packaging needed
- Transit time, including time for pickup and delivery, terminal handling, and delivery between terminals
- Reliability, including history of delivery as promised, breakdowns, and so forth
- Capability, such as size of shipment, controlled temperatures, and special handling
- Accessibility, including using this carrier to bring your goods to you and to take the goods to your buyer

- Security, involving a trust or faith that you have in the carrier to protect your goods from thieves, damage, or misdirection.

WHAT CONSIDERATIONS SHOULD BE MADE WITH RESPECT TO PRODUCTION AND PACKAGING?

Goods may be shipped in boxes, containers, on wooden pallets, or simply delivered in a bag. It all depends on the type of product and the shipper chosen. Packaging is important to protect the goods and to provide the customer with a delivered product in the same form as ordered. Packaging can also be part of marketing. To create a desire for the product, it must look good when it reaches its destination.

Packaging elements to consider include the following:

- Boxes that are easy to handle, stack, and store items over time.

- Wooden pallets which can be used for large shipments where both shipper and customer have loading docks and fork lift trucks. Goods moved on pallets should not need much protection from the environment.

- Plastic wrappings may hold moisture, especially when products are moved through different temperature zones.

- Shipping tape may be used to secure the bottom and top of boxes.

- Containers should be clearly labeled with customer's name, address, phone number, and purchase order number.

- Boxes should be numbered to show how many are in the total shipment (e.g., 1 of 4, 2 of 4, 3 of 4, and 4 of 4).

It is also important that each shipment have matching invoice and/or shipping copies. If the invoice goes with the package, it usually speeds up the payment process.

WHAT PAPERWORK SHOULD ACCOMPANY A SHIPMENT?

Every order should have a matching invoice to ensure that payment is made in a timely way. Sometimes an *invoice*, or bill, is sent separately by mail and the shipment contains a packing slip or copy of the original invoice. See the example in Figure 3.

An invoice is the bill the customer receives for the goods shipped or service provided, or both. It includes the following items:

- Invoice number

- Name, address, and phone number of the seller

- Name, address, and phone number of the buyer

Invoice #	INVOICE	Billing Date
A-0017823	**Puttin' on the Glitz** **1234 South Fourth Street** **Columbus, Ohio 43210** **1-800-555-1234**	January 4, 2001
SOLD TO:	*P.O. Number:* 0014639 Judy's School of Dance 1234 Front Avenue, NW Columbus, Ohio 43211 614-555-5678 Detach and mail this portion with your check. Your canceled check is your receipt	
DATE January 4, 2001	12 Costumes sold at unit cost of $250.00 each Style # 314335-07 Shipped 01-19-01 Due and payable upon receipt	**TOTAL SALE** $3,000.00

Figure 3. Example of a supplier's invoice for goods sent to the buyer

- Name, address, and phone number of shipper if an outside carrier is used
- Listing of each item, including catalog number, description, per unit cost, units ordered, and total
- Items not available, noted as *back ordered*, or items to be shipped and billed at a later date
- Buyer's purchase order number
- Date ordered by buyer
- Date shipped by seller

There are a number of other documents used if an outside carrier is shipping your product. The most important of these is the *bill of lading* that originates as the shipper picks up the goods. It provides all the information for the carrier to deliver the product. It describes the carrier's contract terms and serves as a receipt for the shipper.

The bill of lading, like the invoice, provides a complete description of the goods being shipped. It tells how many packages there are of each item and what each package weighs. This bill also tells how you are to

pay the shipping bill. Finally, it shows the date of pickup, detention or any location where the package will be first delivered and then sent on its way in delivery (if any), and the date of delivery.

The bill of lading tells the buyer what should be in the shipment and allows the person receiving the goods to make a quick check of the boxes before the carrier's agent departs. This may save time and shipping problems later.

The freight bill is the carrier's invoice. It is separate from the invoice sent with the order. The freight bill may be paid by the customer, depending on the agreement made by the sale's contract, or billed directly to and payable by the seller.

These are documents used when you send a shipment from your business to the customer's. The process is much the same when you buy materials. There will be a *receiving bill* that describes each item in the shipment and the total number of items in the order, especially if some are coming later or are out of stock.

WHY IS OPERATIONS IMPORTANT?

After reading this unit, you now see how operations affects the entrepreneur's success. How well you run your business can help you achieve your business goals. The successful business is one that can change operations regarding automation, facility location, capacity, suppliers, and inventories when necessary. If none of these approaches is enough to run your business successfully, you need to review and revise your operations. This is to make sure the customer knows that you are trying to produce the best product available on the market.

ACTIVITIES

The following activities are designed to help you apply what you have learned in this unit.

INDIVIDUAL ACTIVITIES

A.

Your company is going to produce tools for Sears stores. Sears will buy all that you can produce as quickly as possible. Forecasting your needs from inventory to shipping, what do you need to do to see if you can produce the goods for Sears?

B.

Your business has 1500 square feet of spare space and you decide to add more inventory to your product line in order to more rapidly fill customer orders. Outline the steps you will follow in order to do this.

GROUP ACTIVITIES

A.

Work in teams of four to six. Choose a local small factory as an example. Determine which transportation option would be the best way to ship your goods to the customer, using the seven transportation sources listed in the text. Give at least five examples of each.

B.

Work in teams of four to six. Develop a product of your choice and then devise a plan showing why business operations are a necessary part of the entrepreneur's business venture. Have you covered all areas of operations?

CASE STUDY

Jay Young owns a small business and employs Caroll Johnson as a salesperson. Caroll spends all his working time calling on customers in the large Patton Building where Young's business is located. There is a large number of retailers and wholesalers in the building—more than Caroll would ever have time to call on. Caroll is willing to work no more than an 8-hour day which is acceptable to Young. He has a maximum budget for free samples to give to customers of $24 per day. (Up to $24 of samples per working day are made available at no cost to Caroll by the company, but there is no way he can get more samples.)

Caroll has found that the average wholesale call takes 1 hour, requires $2 worth of his samples, and returns him a commission of $4. For some reason, calls on wholesalers are so exhausting to Caroll that he can only make a maximum of seven wholesale calls each day. He has no such limitations on less-tiring retail calls. The average call on a retailer takes 30 minutes, and requires $3 worth of samples. Like the wholesale calls, each retail call earns a commission for Caroll of $4. Assume travel time between calls is insignificant. After looking at this information, Caroll now thinks he is not doing the best job for Young that he could do.

DISCUSSION QUESTIONS

1. How many calls of each type should Caroll make each day to maximize his income?
2. How many hours would he work each day?
3. What would be the total value of the samples he uses per day?
4. What effect would there be of Caroll making no more than seven wholesale calls in getting orders for his company?

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ASSESSMENT

Read the following questions to check your knowledge of the topics presented in this unit. When you feel prepared, ask your instructor to assess your competency on them.

1. What is the role operations plays in today's small business?

2. Explain the pros and cons of inventory control. Is one type of control more important than another or are all necessary to have efficiency? Explain your answers.

3. Operations experts discuss the advantages of the correct inventory amount of product. Today this seems to be more and more important for the small business owner. Why?

4. What purpose does shipping your product in the best way serve? Does it matter how the product arrives to the customer? Why?

5. Identify why packaging is important to your business.

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PACE

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Units on the above entrepreneurship topics are available at the following levels:

* Level 1 helps you understand the creation and operation of a business
* Level 2 prepares you to plan for a business in your future
* Level 3 guides you in starting and managing your own business